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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

CENTRAL BOARD OF DIRECT TAXES

NOTIFICATION

WEALTH-TAX

New Delhi, the 6th October 1967

G.S.R. 1536.—In exercise of the powers conferred by section 46 of the Wealth-tax Act, 1957 (27 of 1957), the Central Board of Direct Taxes hereby makes the following rules further to amend the Wealth-tax Rules, 1957, namely:—

1. These rules may be called the Wealth-tax (Amendment) Rules, 1967.
2. In the Wealth-tax Rules, 1957 (hereinafter referred to as the said rules) for rule 1A, the following rule shall be substituted, namely:—

“1A. *Definitions.*—In these rules, unless the context otherwise requires,—

- (a) “Act” means the Wealth-tax Act, 1957 (27 of 1957);
- (b) “accounting year” in relation to a company means a period in respect of which any profit and loss account of the company laid before it in annual general meeting is made up;

- (c) "equity share" means any share in the share capital of a company other than a preference share;
- (d) "form" means a form appended to these rules;
- (e) "gold" means gold, including its alloy, whether virgin, melted, re-melted, wrought or unwrought, in any shape or form of a purity of not less than nine carats and includes any gold coin (whether legal tender or not), any gold ornament and other article of gold;
- (f) "gold ornament" means any article in a finished form, meant for personal adornment or for the adornment of any idol, deity or any other object of religious worship, made of, or manufactured from, gold, whether or not set with stones or gems, real or artificial or with pearls, real, cultured or imitation or with all or any of them and includes parts, pendants or broken pieces of gold ornaments;
- (g) "investment company" means a company whose total income consists mainly of income which, if it had been the income of an individual, would have been regarded as unearned income.

Explanation.—In this clause, the expression "unearned income" has the meaning assigned to it in the Finance Act of the relevant year;

- (h) "managing agency company" means a company the entire income of which or any part thereof is derived by way of managing agency;
- (i) "preference share" has the meaning assigned to it in section 85 of the Companies Act, 1956 (1 of 1956);
- (j) "recognised stock exchange" has the meaning assigned to it in clause (f) of Section 2 of the Securities Contracts (Regulation) Act, 1956 (42 of 1956);
- (k) "section" means a section of the Act;
- (l) "unquoted share" means an equity share or a preference share of a company, other than any such share the value of which is regularly quoted at any recognised stock exchange;
- (m) all other words and expressions used but not defined in these rules and defined in the Act, shall have the meanings respectively assigned to them in the Act."

3. After rule 1B of the said rules, the following rules shall be inserted, namely:—

"1C. *Market value of unquoted preference shares.*—(1) Subject to the provisions of sub-rule (2) the market value of an unquoted preference share of any company shall—

- (a) where the preference share is issued before the valuation date at a rate of dividend of not less than eight per cent., be the paid-up value of such share; and
 - (b) where the preference share is issued before the valuation date at a rate of dividend of less than eight per cent., be the adjusted paid by value of such share.
- (2) Where no dividend has been paid in respect of an unquoted preference share by any company continuously for not less than three accounting years ending on the valuation date or in a case where the accounting year of that company does not end on the valuation date, for not less than three continuous accounting years ending on a date immediately

before the valuation date, the paid-up value or the adjusted paid-up value, as the case may be, shall be reduced—

- (a) in the case of a non-cumulative preference share, as indicated in the Table below:—

THE TABLE

Number of accounting years ending on the valuation date or in a case where the accounting year does not end on the valuation date, the number of accounting years ending on a date immediately preceding the valuation date, for which no dividend has been paid.	Rate of reduction
I	2
Three years	10 per cent. of the paid-up value or the adjusted paid-up value as the case may be.
Four years	20 do
Five years	30 do
Six years and above	40 do

- (b) In the case of a cumulative preference share, one-half of the rates specified in the aforesaid Table.

Explanation.—For the purposes of this rule, “adjusted paid-up value” in relation to a preference share, means an amount which bears to the paid-up value of the preference share the same proportion as the stipulated rate of dividend [being the rate of dividend on the preference share specified in the terms of issue of such share, and in a case where such dividend is required to be increased under the provisions of section 3 of the Preference Shares (Regulation of Dividends) Act, 1960 (63 of 1960), the rate of dividend as so increased] on such share bears to the rate of eight per cent.

- 1D. *Market value of unquoted equity shares of companies other than investment companies, and managing agency companies.*—The market value of an unquoted equity share of any company, other than an investment company or a managing agency company shall be determined as follows:—

The value of all the liabilities as shown in the balance-sheet of such company shall be deducted from the value of all its assets shown in that balance-sheet. The net amount so arrived at shall be divided by the total amount of its paid-up equity share capital as shown in the balance-sheet. The resultant amount multiplied by the paid-up value of each equity share shall be the break-up value of each unquoted equity share. The market value of each such share shall be 85 per cent. of the break-up value so determined:

Provided that where, in respect of an equity share no dividend has been paid by such company continuously for not less than three accounting years ending on the valuation date or in a case where the accounting year of that company does not end on the valuation date, for not less than three continuous accounting years ending on a date immediately before the valuation date the market value of such share shall be as indicated in the Table below:—

THE TABLE

Number of accounting years ending on the valuation date or in a case where the accounting year does not end on the valuation date, the number of accounting years ending on a date immediately preceding the valuation date, for which no dividend has been paid.	Market value
I	2
Three years	82 per cent. of the break-up value of such share.
Four years	80 do
Five years	77½ do
Six years and above	75 do

Explanation I.—For the purposes of this rule “balance sheet”, in relation to any company, means the balance sheet of such company as drawn up on the valuation date and where there is no such balance sheet, the balance sheet drawn up on a date immediately preceding the valuation date and in the absence of both, the balance sheet drawn up on a date immediately after the valuation date.

Explanation II.—For the purposes of this rule—

- (i) the following amounts shown as assets in the balance-sheet shall not be treated as assets, namely:—
 - (a) any amount paid as advance-tax under section 18A of the Indian Income-tax Act 1922 (11 of 1922) or under section 210 of the Income tax Act, 1961 (43 of 1961);
 - (b) any amount shown in the balance-sheet including the debit balance of the profit and loss account or the profit and loss appropriation account which does not represent the value of any asset;
- (ii) the following amounts shown as liabilities in the balance-sheet shall not be treated as liabilities, namely:—
 - (a) the paid-up capital in respect of equity shares;
 - (b) the amount set apart for payment of dividends on preference shares and equity shares where such dividends have not been declared before the valuation date at a general body meeting of the company;
 - (c) reserves, by whatever name called, other than those set apart towards depreciation;
 - (d) credit balance of the profit and loss account;
 - (e) any amount representing provision for taxation [other than the amount referred to in clause (i)(a)] to the extent of the excess over the tax payable with reference to the book-profits in accordance with the law applicable thereto;
 - (f) any amount representing contingent liabilities other than arrears of dividends payable in respect of cumulative preference shares.”.

[No. W.T. 1/1967(2/2/65-WT).]

JAGDISH CHAND, Secy.